

COMMITTEE REPORT

MR. PRESIDENT:

The Senate Committee on Education, to which was referred Senate Bill No. 508, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1 Page 3, between lines 31 and 32, begin a new paragraph and insert:
- 2 "SECTION 4. IC 21-2-11.5-2 IS AMENDED TO READ AS
- 3 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 2. (a) Each
- 4 calendar year, the governing body of each school corporation shall
- 5 establish a school transportation fund which shall be the exclusive fund
- 6 used by the school corporation for the payment of costs attributable to
- 7 transportation listed in ~~subsection (b)(1) through (b)(7); subdivisions~~
- 8 **(1) through (7)**, as authorized under IC 20, of school children during
- 9 the school year ending in the calendar year: ~~The following accounts are~~
- 10 ~~established within the school transportation fund:~~
- 11 ~~(1) An operating costs account from which the costs attributable~~
- 12 ~~to transportation listed in subsection (b)(1) through (b)(7) shall be~~
- 13 ~~paid:~~
- 14 ~~(2) A school bus replacement account from which the costs~~
- 15 ~~attributable to transportation listed in subsection (b)(8) through~~
- 16 ~~(b)(9) shall be paid:~~
- 17 ~~(b) The costs attributable to transportation include the following:~~
- 18 ~~(1) The salaries paid bus drivers, transportation supervisors,~~
- 19 ~~mechanics and garage employees, clerks, and other~~

transportation-related employees.

(2) Contracted transportation service, other than costs payable from the school bus replacement account under subsection (e).

(3) Wages of independent contractors.

(4) Contracts with common carriers.

(5) Pupil fares.

(6) Transportation-related insurance.

(7) Other expenses of operating the school corporation's transportation service, including gasoline, lubricants, tires, repairs, contracted repairs, parts, supplies, equipment, and other related expenses.

(b) The governing body of each school corporation shall establish a school bus replacement fund. The school bus replacement fund shall be the exclusive fund used to pay the following costs attributable to transportation:

~~(8)~~ (1) Amounts paid for the replacement of school buses, either through a purchase agreement or under a lease agreement.

~~(9)~~ (2) The costs of contracted transportation service payable from the school bus replacement account under subsection (e).

(c) Beginning January 1, 1996, portions, percentages, or parts of salaries of teaching personnel or principals are not attributable to transportation. However, parts of salaries of instructional aides who are assigned to assist with the school transportation program are attributable to transportation. The costs described in this subsection (other than instructional aide costs) may not be budgeted for payment or paid from the school transportation fund.

(d) Costs for a calendar year are those costs attributable to transportation for school children during the school year ending in the calendar year.

(e) Before the last Thursday in August in the year preceding the first school year in which a proposed contract commences, the governing body of a school corporation may elect to designate a portion of a transportation contract (as defined in IC 20-9.1-1-8), fleet contract (as defined in IC 20-9.1-1-8.2), or common carrier contract (as defined in IC 20-9.1-1-9) as an expenditure payable from the school bus replacement ~~account~~ **fund**. An election under this section must be made in a transportation plan approved by the state board of tax commissioners under section 3.1 of this chapter. The election applies

throughout the term of the contract. The amount that may be paid from the school bus replacement ~~account~~ **fund** in a school year is equal to the fair market lease value ~~of in~~ the school year of each school bus, school bus chassis, or school bus body used under the contract, as substantiated by invoices, depreciation schedules, and other documented information available to the school corporation. The allocation of costs under this subsection to the school bus replacement ~~account~~ **fund** must comply with the allocation guidelines adopted by the state board of tax commissioners and the accounting standards prescribed by the state board of accounts.

SECTION 5. IC 21-2-11.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 3. (a) Subject to subsection (b), each school corporation may levy for the calendar year a property tax for the school transportation ~~fund's operating costs~~ **account fund** sufficient to pay all operating costs attributable to transportation that:

- (1) are not paid from other revenues available to the fund as specified in section 4 of this chapter; and
- (2) are listed in section ~~2(b)(1)~~ **2(a)(1)** through ~~2(b)(7)~~ **2(a)(7)** of this chapter.

(b) For taxes first due and payable in 1996, the property tax levy for the ~~fund's operating costs~~ **account fund** may not exceed the amount determined using the following formula:

STEP ONE: Determine the sum of the expenditures attributable to operating costs listed in section ~~2(b)(1)~~ **2(a)(1)** through ~~2(b)(7)~~ **2(a)(7)** of this chapter that were made by the school corporation as determined by the state board of tax commissioners for all operating costs attributable to transportation that are not paid from other revenues available to the fund for school years ending in 1993, 1994, and 1995.

STEP TWO: Divide the amount determined in STEP ONE by three (3).

STEP THREE: Determine the greater of:

- (A) the STEP TWO amount; or
- (B) the school corporation's actual transportation fund levy attributable to operating costs for property taxes first due and payable in 1995.

STEP FOUR: Multiply the amount determined in STEP THREE

1 by one and five-hundredths (1.05).

2 (c) For each year after 1996, the levy for the ~~fund's operating~~
 3 ~~account fund~~ may not exceed the levy for the previous year multiplied
 4 by the assessed value growth quotient determined using the following
 5 formula:

6 STEP ONE: Determine the three (3) calendar years that most
 7 immediately precede the ensuing calendar year and in which a
 8 statewide general reassessment of real property does not first
 9 become effective.

10 STEP TWO: Compute separately, for each of the calendar years
 11 determined in STEP ONE, the quotient (rounded to the nearest
 12 ten-thousandth) of the school corporation's total assessed value of
 13 all taxable property in the particular calendar year, divided by the
 14 school corporation's total assessed value of all taxable property in
 15 the calendar year immediately preceding the particular calendar
 16 year.

17 STEP THREE: Divide the sum of the three (3) quotients
 18 computed in STEP TWO by three (3).

19 STEP FOUR: Determine the greater of the result computed in
 20 STEP THREE or one and five-hundredths (1.05).

21 STEP FIVE: Determine the lesser of the result computed in STEP
 22 FOUR or one and one-tenth (1.1).

23 If the assessed values of taxable property used in determining a school
 24 corporation's property taxes that are first due and payable in a
 25 particular calendar year are significantly increased over the assessed
 26 values used for the immediately preceding calendar year's property
 27 taxes due to the settlement of litigation concerning the general
 28 reassessment of that school corporation's real property, then for
 29 purposes of determining that school corporation's assessed value
 30 growth quotient for an ensuing calendar year, the state board of tax
 31 commissioners shall replace the quotient described in STEP TWO for
 32 that particular calendar year. The state board of tax commissioners
 33 shall replace that quotient with one that as accurately as possible will
 34 reflect the actual growth in the school corporation's assessed values of
 35 real property from the immediately preceding calendar year to that
 36 particular calendar year. The maximum property levy limit computed
 37 under this section for the ~~operating account~~ **school transportation**
 38 **fund** shall be reduced to reflect the transfer of costs ~~from the for~~

operating ~~account of the transportation fund~~ to the school bus replacement ~~account of the transportation fund~~ under section 2(e) of this chapter. The total reduction in the ~~operating account school transportation fund~~ maximum property tax levy may not exceed the amount of the fair market lease value of the contracted transportation service expenditures paid from the ~~operating account fund~~ before the transfer.

(d) Each school corporation may levy for the calendar year a tax for the school ~~transportation fund's school~~ bus replacement ~~account fund~~ in accordance with the school bus acquisition plan adopted under section 3.1 of this chapter.

(e) The tax rate and levy **for each fund** shall be established as a part of the annual budget for the calendar year in accord with IC 6-1.1-17.".

Page 3, line 34, strike "school transportation".

Page 3, line 35, strike "fund's".

Page 3, line 35, strike "account" and insert "**fund**".

Page 4, line 13, strike "account" and insert "**fund**".

Page 4, line 23, strike "account." and insert "**fund.**".

Page 4, line 30, strike "account." and insert "**fund.**".

Page 5, line 1, strike "account" and insert "**fund**".

Page 5, line 41, delete "P.L.50-1996, SECTION 18, AS".

Page 5, line 42, delete "AMENDED BY P.L.273-1999, SECTION 153;".

Page 6, after line 3, begin a new paragraph and insert:

"SECTION 9. P.L.50-1996, SECTION 18, AS AMENDED BY P.L.273-1999, SECTION 153, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: (a) The department of education and the state board of tax commissioners shall select pilot school corporations under subsection (b). Beginning January 1, 1997, the school corporations selected under subsection (b) shall comply with SECTIONS 1 through 18 of this act as if those SECTIONS were effective January 1, 1997.

(b) Before October 1, 1996, the department of education and the state board of tax commissioners shall meet to select ten (10) pilot school corporations. The pilot school corporations shall be selected with the objective that the pilot school corporations collectively represent a broad range of the different types and sizes of school corporations that exist in Indiana. In order to achieve this objective, the

- 1 department of education and the state board of tax commissioners shall
 2 select the pilot school corporations based on the following criteria:
- 3 (1) The size of the student population within the corporation.
 - 4 (2) The size of the geographic territory served by the corporation.
 - 5 (3) The average growth of the property tax assessed valuation
 - 6 within the corporation's district over the preceding three (3) years.
 - 7 (4) The growth or decline of the ADM (as defined in
 - 8 IC 21-3-1.6-1.1) within the corporation over the preceding three
 - 9 (3) years, excluding any year in which there is a general
 - 10 reassessment.
 - 11 (5) The extent of urban development in the corporation.
 - 12 (6) Any other factors the department of education and the state
 - 13 board of tax commissioners determine are necessary to
 - 14 distinguish a group or category of school corporations that
 - 15 deserve representation by a pilot school corporation.
 - 16 (c) All state and local governmental officials whose official
 - 17 functions relate to this act shall cooperate with the department of
 - 18 education, the state board of tax commissioners, and the pilot school
 - 19 corporations to implement this act.
 - 20 ~~(d) This SECTION expires July 1, 2001.~~
 - 21 Renumber all SECTIONS consecutively.
 - (Reference is to SB 508 as introduced.)

and when so amended that said bill do pass.

Committee Vote: Yeas 8, Nays 0.

Weatherwax

Chairperson